



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CARTER COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CARTER COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Carter County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Fee account balances decreased by \$6,958 from the prior calendar year, resulting in excess fees of \$51,465 as of December 31, 2000. Revenues increased by \$43,721 from the prior year and disbursements increased by \$50,679.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Alice Joy Binion, Carter County Judge/Executive

Honorable Kevin McDavid, Carter County Sheriff

Members of the Carter County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Carter County Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul A. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Alice Joy Binion, Carter County Judge/Executive
Honorable Kevin McDavid, Carter County Sheriff
Members of the Carter County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2001, on our consideration of the County Sheriff's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

- During our audit we found the accounting records in excellent order. We commend Sheriff Kevin McDavid and his bookkeeper for maintaining such exemplary accounting records.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 10, 2001

CARTER COUNTY
KEVIN MCDAVID, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Grants:

Grants	\$	10,673
Contracts		24,623

State Grants:

State - Kentucky Law Enforcement Foundation Program Funds		13,776
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State Fees For Services:

Finance and Administration Cabinet	\$ 10,001	
Cabinet For Human Resources	841	10,842

Circuit Court Clerk:

Sheriff Security Service	\$ 41,471	
Fines and Fees Collected	3,240	44,711

Fiscal Court

7,238

County Clerk - Delinquent Taxes

4,792

Commission On Taxes Collected

150,765

Fees Collected For Services:

Auto Inspections	\$ 12,065	
Accident and Police Reports	128	
Serving Papers	10,205	
Carrying Concealed Deadly Weapons Permits	6,870	
Miscellaneous	350	
Occupational Permit Fees	2,792	
Delinquent Tax Fees	30,231	
Fiscal Court Service Fees	2,070	64,711

Interest Earned

3,164

Borrowed Money:

State Advancement	\$ 65,000	
Bank Note	7,000	72,000

Gross Receipts (Carried Forward)

\$ 407,295

CARTER COUNTY
 KEVIN MCDAVID, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Gross Receipts (Brought Forward) \$ 407,295

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Gross Salaries	\$ 76,951
Part-Time Gross Salaries	3,572
Other Gross Salaries	49,826
Overtime Gross Salaries	8,919

Employee Benefits-

Employer's Share Social Security	14,445
Employer's Share Retirement	14,340
Employer's Share Worker's Compensation	3,991
Employer Paid Health Insurance	13,816

Contracted Services-

Advertising	316
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Materials and Supplies-

Office Materials and Supplies	2,797
Uniforms	895

Auto Expense-

Gasoline	11,997
Maintenance and Repairs	2,795
Vehicle Insurance	4,500

Other Charges-

Miscellaneous	1,242
Telephone Expense	2,307
Occupational Permit Fees	2,320
Fiscal Court Service Fees	2,070
Dues	518
Postage	995
Bond	759
Transporting Prisoners	438

Carrying Concealed Deadly Weapons Permit Fee	4,615	\$ 224,424
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CARTER COUNTY
 KEVIN MCDAVID, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Debt Service:

State Advancement	\$	65,000	
Notes		7,000	
Interest		100	\$ 72,100
			<hr/>
Total Disbursements			\$ 296,524
Net Receipts			\$ 110,771
Less: Statutory Maximum			<hr/> 59,306
Excess Fees Due County for Calendar Year 2000			\$ 51,465
Payments to County Treasurer- January 29, 2001	\$	51,376	
February 13, 2001		89	<hr/> 51,465
Balance Due at Completion of Audit			<hr/> <hr/> \$ 0

The accompanying notes are an integral part of the financial statement.

CARTER COUNTY
NOTES TO FINANCIAL STATEMENT

Calendar Year 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

CARTER COUNTY
NOTES TO FINANCIAL STATEMENT
Calendar Year December 31, 2000
(Continued)

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Grants

The Office of the Carter County Sheriff received \$10,673 as part of the Fivco Area Drug Enforcement (FADE) Task Force. These funds were used to pay salaries for the Sheriff's office.

Note 5. Contract

The Office of the Carter County Sheriff received \$24,623 from the United States Army Corps of Engineers for providing lake patrol services at Grayson Lake.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Carter County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated May 10, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Carter County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Carter County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 10, 2001

